

SECTION 2. This Act takes effect immediately and applies beginning with the fall semester 1987.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force according to its terms, and it is so enacted.

Passed by the House on July 7, 1987, by the following vote: Yeas 106, Nays 29. Passed by the Senate on July 14, 1987, by the following vote: Yeas 30, Nays 0.

Approved Aug. 4, 1987.

Effective Aug. 4, 1987.

CHAPTER 66

H.B. No. 72

AN ACT

relating to the issuance of Texas water development bonds.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subdivision (10), Section 16.001, Water Code, is amended to read as follows:

(10) "Water development bonds" means the Texas Water Development Bonds authorized by Article III, Sections 49-c and 49-d, of the Texas Constitution and bonds dedicated to use for the purposes of those sections under Article III, *Sections [Section] 49-d-2 and 49-d-6*, of the Texas Constitution.

SECTION 2. Subdivisions (11), (12), (20), and (21), Section 17.001, Water Code, are amended to read as follows:

(11) "Water quality enhancement funds" means the proceeds from the sale of Texas Water Development Bonds issued under the authority of Article III, Section 49-d-1, of the Texas Constitution, and proceeds from the sale of bonds dedicated to water quality enhancement purposes under Article III, *Sections [Section] 49-d-2 and 49-d-6*, of the Texas Constitution.

(12) "Flood control funds" means the proceeds from the sale of Texas Water Development Bonds issued under the authority of Article III, *Sections [Section] 49-d-2 and 49-d-6*, of the Texas Constitution and reserved for flood control purposes.

(20) "Water development bonds" means the Texas Water Development Bonds authorized by Article III, Sections 49-c and 49-d, of the Texas Constitution and bonds dedicated to use for the purposes of those sections and for flood control purposes under Article III, *Sections [Section] 49-d-2 and 49-d-6*, of the Texas Constitution.

(21) "Water quality enhancement bonds" means the Texas Water Development Bonds authorized by Article III, Section 49-d-1, of the Texas Constitution and bonds dedicated to use for the purposes of that section by Article III, *Sections [Section] 49-d-2 and 49-d-6*, of the Texas Constitution.

SECTION 3. Section 17.011(a), Water Code, is amended to read as follows:

(a) The board, by resolution, from time to time may provide for the issuance of negotiable bonds in an aggregate amount not to exceed \$400 million pursuant to Article III, Section 49-c and Section 49-d, of the Texas Constitution, and the issuance of additional negotiable bonds in an aggregate amount not to exceed \$200 million pursuant to Article III, Section 49-d-1, of the Texas Constitution, *[and] not to exceed \$980 million pursuant to Article III, Section 49-d-2, of the Texas Constitution, and not to exceed \$400 million pursuant to Article III, Section 49-d-6, of the Texas Constitution.*

SECTION 4. Section 17.028, Water Code, is amended to read as follows:

Sec. 17.028. **PAYMENT ENFORCEABLE BY MANDAMUS.** Payment of the bonds and performance of official duties prescribed by Article III, Sections 49-c, 49-d, 49-d-1, ~~[and] 49-d-2, and 49-d-6,~~ of the Texas Constitution and by this subchapter may be enforced in any court of competent jurisdiction by mandamus or other appropriate proceeding.

SECTION 5. Sections 17.072(b) and (h), Water Code, are amended to read as follows:

(b) Except as provided by Subsections (f) and (h) of this section, proceeds from the sale of water development bonds, together with all proceeds (excluding accrued interest which shall be deposited into the interest and sinking fund) from the sale, refunding, or prepayment of political subdivision bonds acquired in carrying out the purposes set out in Article III, Sections 49-c, 49-d, ~~[and] 49-d-2, and 49-d-6,~~ of the Texas Constitution, shall be deposited in a special account in the development fund designated "water supply account," and other money for deposit therein as provided in this chapter shall be credited to the water supply account.

(h) All proceeds from the sale of the \$250 ~~[\$200]~~ million in water development bonds authorized by Article III, ~~Sections~~ ~~[Section]~~ 49-d-2 ~~and 49-d-6,~~ of the Texas Constitution for the purposes of flood control, together with all proceeds, excluding accrued interest, from the sale, refunding, or prepayment of political subdivision bonds acquired in carrying out the purposes of the flood control program, shall be deposited in a special account designated as the flood control account created in the development fund. Other money designated for deposit in that account by this chapter shall be deposited in the flood control account. Accrued interest from the proceeds of the sale, refunding, or prepayment of political subdivision bonds shall be deposited in the interest and sinking fund.

SECTION 6. Sections 17.077, 17.271, and 17.771, Water Code, are amended to read as follows:

Sec. 17.077. **CREDITS TO CLEARANCE FUND.** Except for proceeds from the sale of bonds and proceeds from the sale, refunding, or prepayment, of political subdivision bonds acquired in carrying out the purposes in Article III, Sections 49-c, 49-d, 49-d-1, ~~[and] 49-d-2, and 49-d-6,~~ of the Texas Constitution, and the proceeds from the sale, refinancing, or other liquidation of the investments made under Section 17.083 of this code which shall be deposited in the fund that provided the money for the investment, all money received by the board in any fiscal year, including all amounts received as repayment of loans to political subdivisions and interest on those loans, shall be credited to the clearance fund. Money in the clearance fund may be transferred at any time to the interest and sinking fund until the reserve in that fund is equal to the average annual principal and interest requirements on all outstanding bonds.

Sec. 17.271. **PURPOSE.** The purpose of this subchapter is to provide for making loans of water quality enhancement funds authorized by Article III, Sections 49-d-1, ~~[and] 49-d-2, and 49-d-6,~~ of the Texas Constitution to political subdivisions of the state for the construction of treatment works.

Sec. 17.771. **PURPOSE.** The purpose of this subchapter is to provide for making loans of flood control funds authorized by Article III, ~~Sections~~ ~~[Section]~~ 49-d-2 ~~and 49-d-6,~~ of the Texas Constitution, to political subdivisions of the state for the development of floodplain management plans and for structural and nonstructural flood control projects.

SECTION 7. Chapter 17, Water Code, is amended by adding Section 17.003 to read as follows:

*Sec. 17.003. **BOND REVIEW.** (a) Bonds may not be issued under this chapter after January 1, 1988, and proceeds of bonds issued after January 1, 1988, may not be used to finance a project unless the issuance or project, as applicable, has been reviewed and approved by the bond review board.*

(b) A member of the bond review board may not be held liable for damages resulting from the performance of the members' functions under this chapter.

SECTION 8. This Act takes effect when and only if the constitutional amendment proposed by S.J.R. No. 54, 70th Legislature, Regular Session, 1987, is adopted.

SECTION 9. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on July 14, 1987, by a non-record vote. Passed by the Senate on July 20, 1987, by a viva-voce vote.

Approved Aug. 4, 1987.

Effective upon adoption of Acts 1987, 70th Leg., S.J.R. 54.

CHAPTER 67

H.B. No. 81

AN ACT

relating to the organization of and the administration of the insurance laws by the State Board of Insurance and the commissioner of insurance, to dissemination of information concerning insurance policies, and to application of certain insurance laws to risk retention groups.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Article 1.06, Insurance Code, is amended to read as follows:

Art. 1.06. **INELIGIBILITY.** No person who is a stockholder, director, officer, attorney, agent, or employee of any insurance company, insurance agent, insurance broker, or insurance adjuster, or who is in any way directly or indirectly interested in any such business, shall be a member of the State Board of Insurance, be Commissioner of Insurance, or be appointed to, or accept, any office or employment under said Board or Commissioner of Insurance. ~~This; provided, however, that such~~ ineligibility ~~does~~ *shall* not extend or apply to persons who are:

- (1) merely insured by an insurer, or are merely beneficiaries of such insurance; ~~or who,~~
- (2) in their official capacity, ~~are~~ appointed as a receiver, liquidator, *supervisor*, or conservator for an insurer; or
- (3) *employees of the receiver, liquidator, supervisor, or conservator with respect to their duties under that employment.*

SECTION 2. Section (h), Article 1.09, Insurance Code, is amended to read as follows:

(h) The commissioner of insurance or his designee shall develop an intraagency career ladder program, one part of which shall be the intraagency posting of each nonentry level classified position for at least *five* ~~[10]~~ days before the position is filled. *Notwithstanding any other law to the contrary, a posting of a position is not required in the case of:*

- (1) *a lateral intraagency transfer; or*
- (2) *the promotion of a present employee to a position in a higher pay group because of the employee's ability to assume greater job responsibilities or additional duties or the employee's greater expertise rather than for the mere purpose of filling an existing vacancy.*

SECTION 3. Chapter 1, Insurance Code, is amended by adding Article 1.09-4 to read as follows:

Art. 1.09-4. **HEARINGS OFFICERS, ADMINISTRATIVE LAW JUDGES, AND ATTORNEYS IN CONTESTED CASES.** *Section 17 of the Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to communications:*

- (1) *between either the State Board of Insurance or the commissioner of insurance and its or his designated hearings officer or administrative law judge relating to any proposal for decision or procedural issue on a hearing conducted by that hearings officer or administrative law judge; or*